

For: State and County Offices

**Acceptable Scores for Credit and Financial Analysis (CFAT)
and Farm Loan Programs (FLP) Training Program**

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

The Consolidated Farm and Rural Development Act, Section 361, requires the Secretary to provide adequate training to FLP employees in credit and financial analysis and farm management.

CFAT and FLP Training Program fulfil this requirement.

The requirements in this notice apply to all employees that have FLP loan making and loan servicing decision making responsibilities in their job description.

Note: County Executive Directors (CED's), designated by SED to receive loan approval authority, shall follow Notice FLP-282.

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<p>Disposal Date</p> <p>January 1, 2004</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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1 Overview (Continued)

B

Purpose

This notice:

- provides State Offices further guidance to uniformly handle individual situations if the minimum acceptable score of 80 percent is not achieved on any exam by employees who have FLP loan making and loan servicing responsibilities in their specific position descriptions or who are training to obtain those responsibilities and duties
 - continues the existing policy established in previous FLP notices, which established:
 - minimum acceptable exam scores
 - procedures for employees who do not achieve the minimum acceptable score
 - procedures for employees who have not fulfilled the requirements of the FLP Training Program
 - requires:
 - completing FSA-2130 quarterly (Report FLP-4R)
Note: FSA 2130 is available in electronic format at <http://265.211.16.90/dam/ffasforms/forms.html>.
 - exit conferences with all employees completing the comprehensive exam, Test 2, or Test 3 with the Farm Loan Chief (FLC) or designee proctoring the testing about topics the employee had problems with and/or topics that need clarification.
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2 FLP Training Program Requirements

A FLP Training Program

The FLP Training Program:

- is an individually paced training program conducted onsite
 - is comprised of:
 - orientation
 - 34 training modules
 - CFAT
 - actual demonstration of skills acquired (hands-on)
 - testing
 - shall be completed within 1 year of attending orientation.
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B Testing Requirements

The testing requirements assist in identifying the participant's strengths and weaknesses.

Testing consists of:

- CFAT exam

Note: CFAT exam is:

- provided after each CFAT session
 - graded by contractor
 - proctored by contractor.
- each of the 4 program area exams

Notes: The program area exams:

- include:
 - Direct Loan Making
 - Direct Loan Servicing
 - Guaranteed Loan Making
 - Guaranteed Loan Servicing
 - are completed after appropriate modules are studied
 - may be taken using applicable handbooks, instructions, and any notes taken.
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2 FLP Training Program Requirements (Continued)

B Testing Requirements (Continued)

- each of the 5 program areas covered on the comprehensive exam

Notes: The comprehensive exam is proctored by FLC or designee.

Participant may use applicable handbooks and instructions.

The areas covered, by category, are:

- Category 1 - General and Inventory
- Category 2 - Direct Loan Making
- Category 3 - Direct Loan Servicing
- Category 4 - (No longer applicable)
- Category 5 - Guaranteed Loan Making
- Category 6 - Guaranteed Loan Servicing.

The comprehensive exam is divided into part A and part B, thereby providing the trainee the opportunity to take this exam over a 2-day period by completing either part on day 1 and the remaining part on day 2. Once either part has been completed, the trainee must turn it in the day the exam is taken.

- Test 2 or Test 3.

Note: Test 2 or Test 3 will be used only if acceptable scores are not achieved on the comprehensive exam.

C Hands-on Work

The hands-on case dockets required for the FLP Training Program:

- typically will not be the same dockets used to obtain loan approval and/or servicing authority
 - are about the following areas of training and would typically be limited to a specific area, including but not limited to:
 - completing a chattel check
 - reconciling FSA 1962-1 with the security agreement
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2 FLP Training Program Requirements (Continued)

C

Hands-on Work (Continued)

- processing a partial release
- developing FSA 431-2 for a subsequent loan
- analyzing subsequent years' advances made by a guaranteed lender for a line of credit
- note repayment scheduling.

Assigned specific hands-on work should be associated with the area the employee is training on. The intent of assigning hands-on work during training is to provide the employee with a wide variety of actions and situations that experience can be gained from.

Note: After completing the FLP training, the employee may focus on independently developing the complete dockets that will be used to obtain FLP loan approval authority.

3 Acceptable Scores

A

Minimum Acceptable Exam Scores

To ensure that an acceptable level of understanding of credit and financial analysis, program regulations, and implementation is met, a minimum acceptable score of 80 percent is required on:

- CFAT exam
- each of the 4 program area exams
- each of the 5 program areas covered on the comprehensive exam
- each completed Test 2 or Test 3.

The National Office will return the results of the comprehensive exam, Test 2, or Test 3 to SED.

Test results:

- will contain scores for each program area
- of 80 percent or better in a program area will provide specific program topics for questions not correctly answered for discussion with the employee to assist in further training; however, specific questions will not be released
- of less than 80 percent in any program area will not contain any specific program topics for questions not correctly answered and the employee will be expected to study the entire program area.

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3 Acceptable Scores (Continued)

B
Performance
Rating System

Administrative Officer (AO) shall review the elements and standards established for employees to determine whether each individual employee's responsibilities for loan making and servicing are adequately addressed.

All other actions, including timeframes, monitoring, additional training, and the completion of Test 2 and Test 3, if necessary, shall apply whether or not a State is operating under the 5-tier system or the pass/fail rating system.

Note: No critical performance element may be established requiring an employee to pass a test.

C
Developing
Individual
Development
Plans (IDP's)

AO in consultation with FLC and trainer will develop IDP's that clearly establish the training required to obtain:

- a working knowledge and understanding in credit and financial analysis, as well as program regulations and implementation
- loan approval authority according to subparagraph H.

IDP's shall be established for all employees, including DD's, **without** loan approval authority, but whose position description includes loan approval and servicing responsibilities who have:

- not met the requirements established to obtain such authorities
 - not demonstrated a working knowledge and understanding of credit principles and loan program instructions
 - achieved only the minimum acceptable score on required exams.
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3 Acceptable Scores (Continued)

D

FSA-2130 (Report FLP-4R)

FSA-2130 will be completed and submitted quarterly for any employee who is required to complete the FLP Training Program. The State FLO Training Coordinator and FLC will be notified by e-mail 2 weeks before the end of each quarter for any employee in the State for whom FSA-2130 is required. FSA-2130 will be due to the National Office no later than 10 calendar days after the quarter ends. All timelines will be established as of the date the employee attended the orientation session.

FAX FSA-2130 to the National Office, PDEED, Attn: Gail Wargo at 202-720-8474.

E

Failure to Achieve Minimum Acceptable Score

When the minimum acceptable score of 80 percent on the required exams is not achieved, the:

- AO shall review performance elements for accuracy, ensuring that requirements for delegating and maintaining loan approval authority are reflected
- trainer will review and modify the existing IDP to address the areas of weakness in consultation with AO
- trainer will assign specific hands-on work in the areas of weakness from actual dockets
- trainee will acquire additional training by reviewing the appropriate training modules in the areas of weakness or CFAT training manual and/or a review of handbooks and instruction manuals in the program area
- trainee will complete the identified hands-on work in the area of weakness
- trainee will take either Test 2 CFAT exam or the Test 2 program area exam for the program area on the comprehensive exam that the trainee did not receive an acceptable score.

Note: The results of the exam may be used only as a basis for determining training needs or the need for a supervisory review and discussion of performance with the employee.

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3 Acceptable Scores (Continued)

F

**Developing
Opportunity to
Improve (OTI)
or Performance
Improvement
Plan (PIP)**

For any employee who currently has or is required to have loan making and servicing authority, who is failing in 1 or more critical performance elements, and whose performance elements are determined adequate by the supervisor, OTI or PIP shall be developed by the supervisor with the guidance of the trainer and AO.

OTI or PIP shall:

- address the employee's specific weaknesses demonstrated through failure to achieve acceptable work performance
- require new training, retraining, or a thorough review of training already received to identify and overcome impediments to acceptable work performance
- require a review of work processes to demonstrate knowledge, skills, and abilities essential for acceptable work performance

Note: Written tests may be used to determine the extent that employees need additional training or coaching to achieve acceptable work performance.

- include specific hands-on work in areas of weakness with specific timeframes for completing these assignments on a weekly basis
- include a review and further study of the specific training modules, handbooks, and instruction manuals relating to the areas of weakness to reinforce the specific hands-on work.

The trainer and supervisor shall meet with the employee as needed until acceptable work performance is demonstrated.

OTI or PIP may extend from 60 to 120 calendar days.

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3 Acceptable Scores (Continued)

G

Personnel Action At the end of OTI or PIP, if the supervisor determines that the employee is still not performing at an acceptable level, the supervisor, in consultation with AO and KCAO, Personnel Division, will propose appropriate personnel action.

H

Delegating Loan Approval Authority Follow this table when an employee does not achieve an acceptable score on Test 3.

IF...	BUT...	THEN...
an employee who is required to have loan approval authority does not obtain an acceptable score after completing Test 3 in the program area	has demonstrated knowledge, skills, and abilities to interpret, analyze, and apply Agency procedures through docket reviews based upon the National Internal Review guidelines	SED will do either of the following: <ul style="list-style-type: none"> • decide if loan approval authority should be delegated to the employee • take any other action as deemed appropriate on a case-by-case basis.

If loan approval authority is delegated to this employee as a minimum, all loans and servicing actions approved by the employee must be post-reviewed by FLC, or designee, for a period of 1 calendar year after loan approval authority is delegated.

Note: CED's shall refer to the requirements of Notice FLP-282, subparagraph 4.

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Notice FLP-294

3 Acceptable Scores (Continued)

**I
Timeframe for
Completing
Training and
Receiving FLP
Authorities**

CED's designated by SED to obtain loan approval authority, have 1 calendar year from designation to complete the required training and all testing, and an additional 6 months to obtain delegated loan making and servicing authority.

Employees who became DD's or FLM's after January 1, 2000, have 1 calendar year from assuming the position to complete the required training and all testing and an additional 6 months to obtain delegated loan making and servicing authority.

FLO's and FLOT's have 1 year from attending the orientation session to complete the FLP Training Program and take the comprehensive exam. FLOT's may be permitted additional time to complete Test 2 and/or Test 3, if needed, provided OTI or PIP, as appropriate, is developed according to subparagraph F.

FLOT's may or may not receive delegated loan approval authority during the training period. FLO's and FLOT's will not be considered performing at the fully successful level, for the grade level of GS-11, until they can independently complete loan approval and servicing actions within their delegated authority.

Note: In most cases, FLO's and FLOT's should not be delegated loan approval authority until 1 to 2 years after completing the FLP Training Program to enable the employee to gain valuable experience.

**J
Contact**

If there are questions about this notice, State Offices shall follow this table for the appropriate contact.

IF questions about...	THEN contact either...
testing	<ul style="list-style-type: none">• Chris Greenwalt at 202-690-0431• Gail Wargo at 202-690-4003.
personnel actions	John W. Chott, Jr., at 202-690-2807.
